

SHEET 12 PAGE 89

89

1 2000?
2 A. Mr, I don't quite remember it. I think it's
3 Mr Engel, but I'm not sure about it, who was responsible for
4 the financial markets.
5 Q. Is that Engel?
6 A. Engel I think.
7 Q. Is it E - N - G - E - L?
8 A. E - N - G - E - L, yes; angel in English but
9 Engel in Dutch.
10 Q. Do you know if the Bank was selling its holdings
11 in Artesia - strike that. Do you know if Artesia Bank was
12 selling its holdings in Lernout & Hauspie at the same time
13 the analysts were recommending buys?
14 A. I don't remember that.
15 Q. Did Artesia Securities itself trade in Lernout &
16 Hauspie securities?
17 A. We were much more a sales company not such a
18 trading company, so I don't know if we had some positions
19 within - I don't remember that if we had some positions
20 Lernout & Hauspie within Artesia Securities. I don't
21 remember that.
22 Q. Who would have overseen trading within Artesia
23 Securities when you were in investment banking?
24 A. Mr Van De Walle.
25 Q. How about after you became head of Artesia

PAGE 91

91

1 Verelst we've already talked about; Mr Verelst was an equity
2 analyst, correct?
3 A. Yes.
4 Q. How about Peter Van Assche, was he also an equity
5 analyst?
6 A. He was an equity analyst, yes.
7 Q. And Goedele Ertveldt?
8 A. The same, yes.
9 Q. Did you ever attend meetings of the equity
10 research team?
11 A. Not that I remember.
12 Q. If you turn to the second page, item number 5.
13 A. The second page of this?
14 Q. I'm sorry, the last - second page of that memo,
15 the last page of the Exhibit, I apologize. There's a
16 discussion of relations with the press, do you see that?
17 A. Yes.
18 Q. And there's discussion of contacts with financial
19 newspapers, L'Echo and FET; do you see those references?
20 A. Yes.
21 Q. Are you familiar with L'Echo?
22 A. Yes.
23 Q. What is L'Echo?
24 A. It's a financial newspaper for the French speaking
25 part of Belgium, because it's in French.

PAGE 90

90

1 Securities, who would be in charge of trading at that point
2 or who was in charge of trading at that time?
3 A. When I was responsible for Artesia Securities?
4 Q. Yes.
5 A. It was Mr Plancke.
6 Q. Plancke, and is that P - L - A - N -
7 A. P - L - A - N - C - K - E.
8 (Decraene Exhibit 19 marked.)
9 Q. Right. I'd like to mark Decraene Exhibit 19.
10 It's a document DBB 156457 through 156462. I'll ask, sir,
11 if you recognize this document?
12 A. No, I don't.
13 Q. If you could turn, please, to the last two pages
14 of the Exhibit, 461 and 462.
15 A. Yes.
16 Q. This appears to be a meeting of the equity
17 research team on May 28th '99, is that correct?
18 A. Yes.
19 Q. And at the time was Mr Van De Walle head of
20 Artesia Securities?
21 A. Probably, yes.
22 Q. Was he also in charge of equity research at that
23 time?
24 A. That I don't remember.
25 Q. The other participants, one of which Pierre-Paul

PAGE 92

92

1 Q. Do you know how widely circulated L'Echo is?
2 (Translated by interpreter).
3 A. No, I'm not a media specialist.
4 Q. How about FET, do you know what that references?
5 A. It stands for - it's an abbreviation. It stands
6 for Financieel-Economische Tijd. It is a financial
7 newspaper also, but for the Flemish speaking part of
8 Belgium.
9 Q. In '99 were both of those considered popular
10 publications in Belgium?
11 A. For the financial - if I may call it like that,
12 financial population, yes.
13 Q. And it references that all of the publications
14 were going to be bundled and sent to them on a weekly basis,
15 do you see that? (Translated by interpreter).
16 A. OK, yes.
17 Q. So in 1999 the analysts were providing all of
18 their equity research to those two news outlets on a weekly
19 basis?
20 A. That was the goal. If they have done it, I don't
21 know; it's what I read it - it's what I read here.
22 Q. Do you know if they did do it?
23 A. No, I don't remember that.
24 Q. There's also discussions of laying contacts with
25 the Morgen newspaper?

PAGE 93

93

1 A. Yes.
2 Q. And De Standaard?
3 A. Yes.
4 Q. Do you know if any contacts were established?
5 A. I don't remember that.
6 Q. OK. And then, lastly, it notes that the
7 recommendations will be published on Bloomberg, "who will
8 obtain a copy of our analysis"; do you see that?
9 A. Yes.
10 Q. Does that help refresh your recollection as to
11 whether the equity department was involved in --
12 A. No, it doesn't. That's probably just saying that
13 they have made over their analysts' reports, and based on
14 that Bloomberg is publishing the advice by the analysts of
15 Artesia Securities.
16 Q. And these Artesia Securities' analysts are
17 providing that information to Bloomberg?
18 A. If I read it here, yes, probably yes.
19 Q. Do you know who was -- who at Artesia Securities
20 was heading up that effort?
21 A. No.
22 Q. If you look now to the paragraph above 'Relations
23 with the Investment Banking', this is again a May '99 memo;
24 so at this point investment banking -- you were head of
25 investment banking at Artesia Securities, correct?

PAGE 94

94

1 A. Mmh.
2 Q. There's a reference to a senior analyst to steer
3 synergy between investment banking and Artesia Securities.
4 Do you see that reference?
5 A. I see that reference, yes.
6 Q. What is meant by steering the synergy between
7 investment banking and Artesia Securities?
8 A. I don't know what I meant at that time. I was not
9 at that meeting so I don't know; I don't remember what I
10 meant with that.
11 Q. Within investment banking you had analysts working
12 for you, correct?
13 A. We had you couldn't call them analysts, it was
14 people who made the financial valuation, because if you do a
15 capital market transaction you have to make a valuation of
16 the company; and that were the people who -- the financial
17 analysts who make, purely focused on making evaluations.
18 Q. Like a research analyst type position?
19 A. It's not a research, it's -- we are going to the
20 company, the company is explaining its business plan; then
21 you have to believe in his business plan yes or no, because
22 if you are doing an IPO you have not only financial risk but
23 also reputational risk; so the first thing is: Do I believe
24 in the story, in that story, in that company, in that market
25 etc. etc. and that work is done by what we are calling

PAGE 95

95

1 financial analysts within the investment banking team.
2 Q. OK. And, as you were head of investment banking,
3 were you responsible for hiring and training these financial
4 analysts?
5 A. I was responsible for a whole team so including
6 the hiring, yes.
7 Q. Did you ever instruct financial analysts to work
8 in conjunction with Artesia Securities' analysts?
9 A. No.
10 Q. And, again, here talking about steering the
11 synergy between investment banking and Artesia Securities,
12 reading that now, that doesn't refresh your recollection as
13 to any steps that were taken to steer or control synergies
14 between the two entities?
15 A. No, it doesn't. The only thing that can be is
16 that if there was -- if investment banking is doing an IPO,
17 then at the end of the road, because then they had to switch
18 off, then this has to be placed, the shares has to be placed
19 into the market; there has to be an off the market sales,
20 there has to be off the market research. What they were
21 perhaps mentioning is that those switch was not smoothly
22 enough so. That's the only thing that I can guess right now
23 today, if I read this phrase.
24 Q. But you don't know?
25 A. No.

PAGE 96

96

1 Q. You talked about the switch where after an IPO,
2 for purposes of placement, the trading would then flow into
3 Artesia Securities, correct?
4 A. Mmh.
5 Q. That mechanism would be separate though from
6 follow up research by equity analysts at Artesia Securities,
7 is that correct?
8 A. I don't quite understand your question, not in
9 English but --
10 THE INTERPRETER: Can I have a look to make --
11 THE WITNESS: No, not the English, I understand it in
12 English but.
13 MR. EGAN: Let me rephrase it. You mentioned that, as
14 part of an IPO, once it was concluded, the investment bank
15 would receive certain shares that would then be placed --
16 A. We never received shares.
17 Q. Would handle -- would be involved in the placement
18 of shares, correct?
19 A. Yes.
20 Q. And the actual --
21 A. Even before that it's the syndication, which would
22 make a syndication; and then they have a discussion is
23 there -- that's a complex process. Is there an
24 underwriting? Not an underwriting? Who is in the
25 syndication? Who is playing which role? Where is the

SHEET 13 PAGE 97

97

1 placement will take place? Is it only in Belgium? Outside
2 Belgium? So all those kind of stuff are done by the
3 syndications desk, including the sales.
4 Q. But, apart from that, once a placement has
5 occurred, if Artesia Securities was going to do follow up
6 equity analysis, would you at investment banking have
7 conversations with the equity analysts?
8 A. Normally not, they should make their own judgment;
9 they are quite independent.
10 Q. You said 'normally not'.
11 A. No, always.
12 Q. You don't recall any conversations with equity
13 analysts related to any IPO that you were involved in?
14 A. No, I don't remember that.
15 Q. How about as conversations with any equity analyst
16 as to any offering?
17 A. I don't remember that.
18 Q. OK. If you look at the preceding paragraph,
19 paragraph 3, there's reference to private banking.
20 A. Paragraph 3, yes?
21 Q. Paragraph 3. This is page 1566 -- sorry, 156461,
22 we're still on the May 28th '99 one.
23 A. OK, yes.
24 Q. If you could look at that paragraph for a moment
25 please.

PAGE 98

98

1 A. The last one or?
2 Q. Yes.
3 A. The whole paragraph; number 2, is it that?
4 Q. No, it's number 3.
5 A. 'Contacts with Private Banking', is that?
6 Q. Yes, it starts on 461 and concludes on 462.
7 A. OK, I've read it.
8 Q. At this time, were there goals to establish
9 specific contacts within banking to meet regularly with the
10 equity analysts?
11 A. I don't remember the purpose of it. What I can
12 read is that they wanted to organize with our private
13 banking people in the regions some information sessions to
14 give them more, I think, info about the equity markets.
15 We've got private banking clients, have mostly wealthy
16 clients; you can even call them semi institutional clients,
17 who are not only interested in what we are calling fixed
18 income but also in equity limits. So most of those clients
19 have a lot of questions: What do we think about equity
20 markets? I don't think that it was in that context that
21 some meetings, some information sessions could have added
22 value for the private banking. That's the only thing that I
23 can conclude out of this.
24 Q. Do you know if those meetings, any meetings
25 occurred?

PAGE 99

99

1 A. I don't know, I don't know.
2 Q. Did you ever participate in any such meetings?
3 A. No.
4 Q. You mentioned that certain of the private bankers
5 would have wealthy clients, would those people be able to
6 execute trades through Artesia Securities?
7 A. I don't remember if we have -- if we have done
8 that, yes or no, I don't remember that.
9 Q. Do you know if they would get access to the
10 analyst research within Artesia Securities?
11 A. Again, I don't remember. I don't remember if
12 during those information sessions they received the flashes
13 or something like that. I don't remember that.
14 Q. OK. If you look at the prior two pages where
15 there appears to be a minute meeting from June 18th 1999,
16 this is pages 459 and 460.
17 A. Yes.
18 Q. As to those two pages, do you recognize the
19 document?
20 A. No.
21 Q. Does this appear to be a minutes of another equity
22 research meeting?
23 A. Yes.
24 Q. If you look at item 3.2, there's a reference to
25 establishing certain private bank contacts, do you see that?

PAGE 100

100

1 A. I see that, yes.
2 Q. Does that refresh your recollection as to whether
3 any follow up occurred?
4 A. No.
5 Q. OK. And if you look at the first page of this
6 Exhibit, sir. The first two pages of the Exhibit appears to
7 be an August 24th '99 equity research meeting, do you see
8 that?
9 A. I see that.
10 Q. Do you recognize that document?
11 A. No, I don't.
12 Q. Have you ever received these minutes?
13 A. I don't remember that.
14 Q. Do you know if the equity department continued to
15 meet on a regular basis?
16 A. I don't remember that, I don't know.
17 Q. Do you know if they prepared minutes?
18 A. I don't know.
19 Q. Do you know if at any point in time they stopped
20 taking minutes of their equity meetings?
21 A. Again, I don't remember that.
22 MR. WEIDNER: Is this a convenient time to take a
23 break?
24 MR. EGAN: Sure.
25 THE VIDEOGRAPHER: Going off the record at 12:12 pm.

PAGE 101

101

1 (Off the record.)
2 THE VIDEOGRAPHER: Going back on the record at 12:27
3 pm.
4 MR. EGAN: Thank you. Now, Mr Decraene, the
5 institutional clients of Artesia Securities you were
6 referring to earlier, were they all active in the equities'
7 markets?
8 A. No.
9 Q. They were not?
10 A. The institutional clients were like pension funds.
11 A pension fund is not only investing -- and lucky we, yes,
12 not only investing in equities but also in fixed income; so
13 they have to diversify their risk.
14 Q. The analyst coverage for Artesia Securities though
15 was focused on publicly traded companies, is that correct?
16 A. That's correct.
17 Q. So were your clients also interested in the public
18 markets and public securities?
19 A. Yes.
20 Q. And a lot of effort went into preparing the
21 analyst reports, is that correct?
22 A. That's a lot of effort, yes.
23 Q. And the analysts were paid salaries by Artesia
24 Securities?
25 A. Yes.

PAGE 102

102

1 Q. And would the analysts be sent to seminars and
2 conferences related to particular industries?
3 A. Sometimes, yes.
4 Q. And would they also attend conferences with
5 various companies in the sectors?
6 A. Probably, yes; I can't remember one, but probably
7 yes.
8 Q. But the --
9 A. Normally, there were sectors specialized. They
10 were following a sector, and when there were seminars on
11 that specific sector and it had an added value then they
12 could go over there.
13 Q. And those expenses would be incurred by Artesia
14 Securities as part of the process?
15 A. Yes.
16 Q. Who was the goal of Artesia Securities in
17 publishing those equity reports?
18 A. The goal was that if we sent them to
19 institutional, clients, that the institutional clients by
20 reading our reports or our stock flash say 'this is a nice
21 report', and he knew that, I believe in what the guy or the
22 girl is writing down on this document concerning that
23 company in that sector. This was new for me and this has an
24 added value, so based on this report I will buy some shares
25 in that company because I believe in the long term value of

PAGE 103

103

1 that company; and then they took contact with the sales
2 department of Artesia Securities to place that product
3 within Artesia Securities; and it was based on that that
4 there was a revenue generating for Artesia Securities
5 because research analysis costs. The business is done by
6 doing brokerage and by doing transactions.
7 Q. Now we've looked at some Artesia Securities'
8 meeting minutes already this morning.
9 A. Yes.
10 Q. Were those reports provided to Artesia Banking
11 Corporation's Management Committee on a regular basis?
12 A. Again, I don't remember that. You have shown me
13 some distribution lists, but I don't remember that, who has
14 received it and who has not received it, I don't know that.
15 Q. And you were not a member of the Artesia Bank
16 Management Committee in 1998/1999/2000?
17 A. No, I was head of the division which was called
18 investment banking. I was not in the management board like
19 Mr Avonts, for example, or Pierre.
20 Q. But Mr Avonts served as both an executive at
21 Artesia Securities and on the Management Committee of the
22 Bank, is that correct?
23 A. Yes, that's correct.
24 Q. And the Management Committee of the Bank
25 ultimately approved the business plan of Artesia Securities

PAGE 104

104

1 prior to establishing as a subsidiary, is that correct?
2 A. That's what we have seen in the documents.
3 Q. I'd like to show you what was previously marked as
4 Bruneel Exhibit 13.
5 A. Thank you.
6 Q. Sir, if you could review this; I'm going to ask if
7 you are familiar with this document.
8 A. I don't know this document.
9 Q. Does this appear to be a March 9th '99 minutes of
10 an Executive Committee at BACOB and Artesia Bank?
11 A. Mmh, that's right.
12 Q. And if you look at section 3.5 regarding
13 Mr Avonts.
14 A. Yes.
15 Q. There's a discussion of Artesia Securities there,
16 do you see that?
17 A. Yes, I see that; 3.51, is that it?
18 Q. Yes.
19 A. OK.
20 Q. There's a discussion related to the establishment
21 of Artesia Securities and transferring all Securities'
22 orders from all Artesia Group entities to Artesia
23 Securities?
24 A. May, I read it, because....
25 Q. Yes, I'm sorry, please take a minute. (Pause).

SHEET 14 PAGE 105

105

1 A. Yes, I've read it.
2 Q. So this is about the plan to move all securities
3 orders through Artesia Securities, is that correct?
4 A. The orders, not all of them if I read it right; a
5 big part of it, of the orders which are originated by
6 Artesia, and if I may call it Artesia Group, should be
7 passed through Artesia Securities.
8 Q. Do you know what portions of Securities' orders
9 are being excluded?
10 A. No, I don't remember that. It's what we are
11 calling in the business it's the captive business; it's your
12 own business that you try to realize it through the
13 brokerage company which was at that time was Artesia
14 Securities.
15 Q. To move everything through the Group related to
16 that through Artesia?
17 A. To keep the profit we had to do it, otherwise to
18 pay fees to other players, which is normal.
19 Q. If you can look to a couple of pages in at section
20 6, 6.2 specifically, there's a reference to a weekly Artesia
21 Securities' report; do you see that?
22 A. Yes, yes.
23 Q. OK. And is this another instance of the Artesia
24 Securities' weekly reports being provided to Artesia Bank's
25 management board?

PAGE 106

106

1 MR. WEIDNER: Object to the form.
2 THE WITNESS: I don't know that. That was the
3 responsibility of Mr Avonts to take the decision to present
4 it, yes or no, so I don't know that.
5 MR. EGAN: If you could -- did you ever have
6 discussions with Mr Avonts as to whether or not he should
7 present minutes to the management --
8 A. I don't remember that.
9 Q. If you could turn a few pages into it at 109640.
10 A. Yes.
11 Q. Does this -- is this the -- is this the number 13
12 Artesia Securities' minutes that were referenced a few pages
13 earlier?
14 A. Yes.
15 Q. OK. And is this reflecting minutes of a February
16 15th 1999 meeting?
17 A. Yes, 26.
18 Q. And you were a guest at that meeting, is that
19 correct?
20 A. Yes.
21 Q. And you received this memo?
22 A. I don't remember that.
23 Q. Do you have any reason to doubt you received this
24 memo on or about March 4th of '99?
25 A. No, I don't.

PAGE 107

107

1 Q. And, again, this is prepared by Mr Delvaux?
2 A. That's right.
3 Q. And did he typically prepare these minutes after
4 these meetings?
5 A. I don't remember if he always did that, but this
6 one has been prepared by Mr Delvaux, yes, Christophe
7 Delvaux.
8 Q. And if you look under section 2.11 there's a
9 reference to an official starting date for Artesia
10 Securities of March 1st '99, do you see that?
11 A. Yes.
12 Q. Is that when Artesia Securities launched?
13 A. Probably, yes.
14 Q. OK. If you turn to the next page under the top
15 bullet point, it's talking about "three communications must
16 be distributed". There's a clientele communication, a
17 depository broker communication and an internal
18 communication; do you see that?
19 A. No, where are you, in the front? (Translated by
20 interpreter) OK, well, OK. Yes, I've read it.
21 Q. And those -- that would be -- the purpose of those
22 communications would be to alert the client, the depository
23 brokers and the internal about the shift from Artesia to
24 Artesia Securities?
25 A. Yes, probably, yes.

PAGE 108

108

1 Q. Do you know if any of the broker agencies ever
2 followed up with requests related to Artesia Securities'
3 equity research after the shift?
4 A. I don't remember that, I don't know that.
5 (Decraene Exhibit 20 marked.)
6 Q. If you could put that aside and we can mark
7 Decraene Exhibit 20. Sir, do you recognize this document?
8 A. No, I don't, it's again a minutes of a meeting.
9 Q. Are these minutes of an Artesia Securities'
10 meeting?
11 A. Yes.
12 Q. It appears to be, the copy is a little dark but
13 December 22nd 2000?
14 A. Yes.
15 Q. And this is a report number 57, do you see that?
16 A. I see that.
17 Q. Does that help refresh your recollection as to
18 whether you were receiving weekly or periodic reports about
19 Artesia Securities?
20 A. No, it doesn't.
21 Q. Does that help refresh whether you attended weekly
22 or periodic meetings of Artesia Securities?
23 A. No, it doesn't.
24 Q. And this document for the record is DBB 153289
25 through 294. On the first page under section 1 there's a

PAGE 109

109

1 subparagraph, (ii).

2 A. Yes.

3 Q. Can you please review that, that paragraph,
4 please? (Pause).

5 A. Yes.

6 Q. Do you know what the reference to the 'exclusive
7 agency' is in that paragraph?

8 A. No, I don't remember that.

9 Q. Do you know what that paragraph is discussing at
10 all?

11 A. Yes, it's a very typically -- typical activity of
12 stocklending, but I'm not a specialist in stocklending so.

13 Q. Do you know who would have been involved in
14 creating the exclusive agency between Artesia Securities and
15 Artesia Bank related to the stocklending?

16 A. I think people from the Bank, but I don't know the
17 names because they are not mentioned; and on the side of
18 Artesia Securities it was Xavier Michel who was our legal
19 man, and Geert Plancke, as I said, who was responsible for
20 the trading -- for the trading activities of Artesia
21 Securities. On the banking side, I don't know, I don't
22 remember.

23 Q. OK. And, as far as the participants at this
24 meeting, there's a reference to an F Delplace, D -- E --
25 L -- P -- L -- A -- C -- E.

PAGE 111

111

1 the reconciliation that we had done on the client accounts
2 and the accounts that we have with the custodians was not
3 only 100 per cent matched, and so we have to look where were
4 the different differences etc. etc. etc.

5 Q. And you were -- was one of your responsibilities
6 as head of Artesia Securities to kind of straighten out the
7 Back Office and clean up its problems?

8 A. No, it shouldn't have been that but it has. The
9 reality has shown that almost 90 per cent of my time has
10 been on that.

11 Q. And what were the problems with the
12 reconciliation, what was the root of cause for the different
13 account information?

14 A. If I recall it -- I'd like to explain it in an
15 easy way. The link between the different systems were not
16 100 per cent correct, so that was -- we have also different
17 platforms to do a transaction, what we're calling today this
18 straight through processing, that's the ideal situation was
19 that I sell that share without doing anything, it's going
20 through the whole process; and, there, we had different
21 platforms and you have to make interfaces between different
22 platforms and there happened to be some difficulties so we
23 have to revert that.

24 Q. And these were different platforms within the
25 Artesia Securities' systems, IT systems?

PAGE 110

110

1 A. That's Francoise in French speaking, Delplace.

2 Q. What was his role?

3 A. It's a her.

4 Q. Her, sorry.

5 A. It's a her, and she was responsible for Back
6 Office.

7 Q. At Artesia Securities?

8 A. Yes.

9 Q. Do you know when she came on board at Artesia
10 Securities?

11 A. No, I don't know the exact date. The only thing
12 that I know is that Christophe Delvaux, the name we have
13 already seen a few times, he has left Artesia Securities and
14 she's took over his responsibilities, Francoise Delplace;
15 but the timing I don't remember.

16 Q. OK. And Filip De Campenare?

17 A. Filip De Campenare, was help -- I already told you
18 that we had some issues with some Back Office problems, and
19 Filip De Campenare was somebody who helped us solving those
20 Back Office problems.

21 Q. What were the problems at the Back Office that
22 you.....

23 A. There was a problem of reconciliation,
24 reconciliation of the transactions through the Back Office
25 and then through our accounting to the custodians; and in

PAGE 112

112

1 A. Yes.

2 Q. And these were the systems obviously in place
3 prior to you arriving as head, correct?

4 A. Yes.

5 Q. Were these IT systems unique to Artesia Securities
6 or were they shared by the Artesia Group as a whole?

7 A. I don't remember that the whole IT platform and IT
8 architecture, I don't remember that, how it was configured.

9 Q. And, as a result of the confusion within the
10 system, Artesia Securities could not always determine a
11 correct account information for both Artesia Securities
12 itself and its clients?

13 A. I wouldn't phrase it like that. We have seen --
14 you have to do some checks, and audits has shown that if you
15 did some checks that were some differences, some difference
16 was between the Bank and its own custodians but also between
17 the clients of the Bank and our custodians; that was
18 something that we have to clarify.

19 Q. And were the Back Office issues eventually
20 resolved?

21 A. We have resolved them, but it has taken a lot of
22 time.

23 Q. And Artesia Securities, you were head of Artesia
24 Securities till you left to work briefly on wholesale
25 banking and then going to the Netherlands, correct?

SHEET 15 PAGE 113

113

1 A. Correct.
2 Q. Do you know the history of Artesia Securities
3 since the time you left?
4 A. It has been liquidated; it doesn't exist any more.
5 Q. When was it liquidated?
6 A. I don't know the exact time. You know Artesia
7 Securities wasn't quite a success. The brokerage business
8 is also very very much dependent on the evolution of the
9 stock markets, and you know after 2000 the stock markets
10 were not so brilliant any more; so we were a very small
11 company; and we have tried something; we have put a business
12 plan on paper; we had a lot of -- as I've already told you,
13 a lot of problems on the Back Office side, which means that
14 we haven't focused on our clients; so the profitability of
15 Artesia Securities that has to come from our sales business
16 was not a success; and, based on that, I think that the
17 decision has been taken to reduce the number of people
18 focusing it on this kind of business; and, at that stage,
19 that separate company like Artesia Securities hadn't had any
20 added value any more for the Bank, so they have taken a
21 decision to integrate again with different activities in the
22 Bank.
23 Q. Did the liquidation occur before or after the
24 acquisition of Artesia by Dexia?
25 A. After I think.

PAGE 114

114

1 Q. At some point did -- in the process of the
2 acquisition did Artesia Securities become Dexia Securities
3 Belgium?
4 A. No, no, I don't remember it to be honest; I don't
5 remember if we have changed the name, if it has been renamed
6 Dexia Securities. I don't know.
7 Q. So does any aspect of the entity formerly known as
8 Artesia Securities exist today at Dexia?
9 A. In its structure as it was a few years ago, no.
10 Today we have some sales activities, but it's integrated in
11 the financial markets; and we have a little bit of trading
12 activities which is also in the financial market; and we
13 have a little research team which is outside the financial
14 markets.
15 Q. And can you describe the liquidation as to how --
16 A. No, I was not involved in it.
17 Q. Do you know were assets sold off from Artesia
18 Securities?
19 A. No. I haven't been involved in the whole process
20 of that, so I don't -- I can't answer that question.
21 (Decraene Exhibit 21 marked.)
22 Q. I would like to mark Decraene Exhibit 21, please.
23 It's a two page document DBB 156473 through 74. Sir, do you
24 recognize this document?
25 A. No.

PAGE 115

115

1 Q. Is that your name on the first page of the first
2 document?
3 A. That's my name.
4 Q. And is this a memo you received on or about
5 November 4th 1998?
6 A. Probably, yes.
7 Q. OK. And at this point in time you were head of
8 investment banking at Artesia Bank, is that correct?
9 A. Yes.
10 Q. There is a reference to N Van Hove, is that a
11 reference to Nadia Van Hove?
12 A. That's Nadia Van Hove, yes.
13 Q. What was Nadia Van Hove's position in November of
14 '98?
15 A. At that time she was a part of the investment
16 banking team.
17 Q. Do you know why you were seeking access to Paribas
18 Paris' website for equity research?
19 A. No.
20 Q. Did Mr Avonts propose that Ms Van Hove examine the
21 equity research contained on that site?
22 A. That is what she is asked in this letter.
23 Q. Do you know why she was asked to do that?
24 A. No, to get -- to give the advice if it has an
25 added value for us, yes or no.

PAGE 116

116

1 Q. Do you know if she did --
2 A. I don't know.
3 Q. -- review it?
4 A. I don't know.
5 Q. Did she report to you at this time?
6 A. Did she report to me at this time, probably yes.
7 (Decraene Exhibit 22 marked.)
8 Q. I'd like to mark Decraene Exhibit 22. It's a
9 three page document, DBB 144756 through 758. If you can
10 review this document. I'm going to ask, sir, if you
11 recognize it.
12 A. I don't recognize it, but it's again the minutes
13 of a meeting of Artesia Securities.
14 Q. And it's the meeting from November 20th of '98, is
15 that correct?
16 A. That's correct, yes.
17 Q. And at that point you were head of investment bank
18 at Artesia Bank, is that correct?
19 A. Yes.
20 Q. Do you know why you were attending this meeting?
21 A. No.
22 Q. This appears to be number 4, meeting minute number
23 4; do you see that reference?
24 A. Yes, I see that reference.
25 Q. And even below that there's a reference to meeting

PAGE 117

117

1 minutes from meeting number 3, do you see that?
2 A. I see that.
3 Q. Does any of that help you remember if you were
4 attending weekly Artesia Securities' meetings?
5 A. No, I don't know that.
6 Q. If you turn to the second page of this document
7 under section 2.5 on Human Resources. If you can review
8 that section, please.
9 A. Mmh.
10 Q. Were you responsible for hiring equity research --
11 A. No.
12 Q. -- for human -- for Artesia Securities?
13 A. No.
14 Q. You were not?
15 A. No.
16 Q. What is this a reference to?
17 A. Sorry?
18 Q. What does this section discuss then?
19 A. Just mentioning that we should -- let's see if I
20 remember it well, because I don't think that the company
21 existed. Fontaine & Archer was a headhunting company, and
22 it was the meeting that I, together with Mr Van De Walle,
23 would see them and to see if they could help us find some
24 research people; but, again, the final responsibility of
25 this was for Mr Van De Walle. I've only giving my advice

PAGE 118

118

1 based on my banking experience: Is this guy somebody that
2 could fit in an environment under which we are working, in
3 the environment of Artesia etc? So I was only I think at
4 that stage invited to give my opinion on the quality of the
5 candidate.
6 Q. Do you remember providing your opinion of the
7 candidate to Mr Van De Walle or anyone else at Artesia
8 Securities?
9 A. I don't remember if I have seen some people, so I
10 don't remember if I have given my advice on this. I don't
11 know.
12 (Decraene Exhibit 23 marked.)
13 Q. Let's mark Decraene Exhibit 23. It's a document
14 DBB 153436 through 438 -- 439, excuse me. Sir, do you
15 recognize this document?
16 A. No, I don't.
17 Q. At the top it's listing you were copied on this,
18 is that correct?
19 A. That's correct.
20 Q. Do you have any reason to doubt you received this
21 on or about --
22 A. No.
23 Q. -- May of '99, May 11th '99?
24 A. No, I don't have.
25 Q. And this is a meeting of Artesia Securities, is

PAGE 119

119

1 that correct?
2 A. That's correct.
3 Q. This is a meeting number 21, is that correct?
4 A. That's correct, yes.
5 Q. And lists that you were invited to this meeting.
6 A. Yes.
7 Q. Do you recall attending this meeting?
8 A. No, I don't remember it.
9 Q. At this point Artesia Securities was operational,
10 is that correct?
11 A. Sorry?
12 Q. At this point Artesia Securities was operational,
13 it was up and running?
14 A. Yes, I think so.
15 Q. If you could turn to the last page of the Exhibit,
16 specifically item 3.1 equity research, and review that
17 sentence, please?
18 A. Mmh.
19 Q. Were you responsible for working with Mr Van De
20 Walle to decide which companies would be analyzed by Artesia
21 Securities?
22 A. I was not responsible for that; again, Mr Van De
23 Walle was responsible for that.
24 Q. Were you consulted by him in that respect?
25 A. I was consulted -- probably I was consulted, yes.

PAGE 120

120

1 Q. Did you make suggestions on the scope of equity
2 coverage by Artesia Securities?
3 A. I don't remember if I did some suggestions, I
4 don't remember that.
5 Q. Did he ever ask for a company to be covered by
6 Artesia Securities?
7 A. Probably would have given our advice, because what
8 he was asking here, if I remember it, is if we would start
9 up some research on a company already quoted. Again, this
10 is an investment. You do this, this costs Securities money.
11 If you do that you do that to create a value for the
12 company, but also for Securities by doing sales or perhaps
13 by creating liquidity in the market; or, the third time, to
14 have the possibility, if there is a secondary -- because you
15 know you don't only have an Initial Public Offering, the
16 IPO, but you can also have secondaries. If you are not on
17 the research side, if you are not doing the research of a
18 company who is already quoted, then forget it that you can
19 be in a Secondary Public Offering. So, at that stage, I
20 could give my advice for is it possible that we ever could
21 be invited to be in such a capital market transaction. That
22 was the question or the advice which was asked by Mr Van De
23 Walle and me.
24 Q. You testified earlier today that you were involved
25 in a public offering related to the FLV fund, is that

SHEET 16 PAGE 121

121

1 correct?
2 A. That's correct, yes.
3 Q. Did you ever request that Artesia Securities start
4 coverage of FLV fund in connection with that IPO or after?
5 A. Yes, you have to know when you are in the capital
6 markets business if you want to have a mandate there are
7 some pictures you have to take, part of a beauty contest as
8 they call it; and in the beauty contest you have to say what
9 you are going to do, how you're going to structure it, how
10 you're going to organize it, how you're going to place it,
11 how you will do the research; so we have to take some
12 commitment. So I have never seen, not even in Europe, not
13 even in the United States, a company which was brought by a
14 lead bank to the market and then the lead bank then saying
15 'we are not doing any research of you for your business'.
16 This is not done. So in that case it was normal that we did
17 some. It was linked to the IPO. It was linked to that
18 transaction that we did some research for it.
19 Q. Did you ever ask either Mr Van De Walle or
20 anyone at Artesia Securities not to cover a company or to
21 stop covering a company?
22 A. That I don't remember.
23 Q. There's a reference to a CD in that sentence, is
24 that referring to a Management Committee -- let me strike
25 that question. What is the CD referred to in that sentence?

PAGE 123

123

1 lunch. We'll go off the record.
2 THE VIDEOGRAPHER: Going off the record at 12:59 pm.
3 (Off the record.)
4 THE VIDEOGRAPHER: Going back on the record at 2:00
5 pm.
6 (Decraene Exhibit 24 marked.)
7 MR. EGAN: I'd like to mark Decraene Exhibit 24,
8 document DBB 158562 through 540 and, sir, if you could take
9 a moment and review that document. I'm going to ask you in
10 particular just about the first two pages. (Pause) Sir,
11 have you seen this document before?
12 A. No, not that I can remember.
13 Q. As to the first two pages, does it appear to be a
14 response to the Easdaq on behalf of Artesia Securities?
15 A. I think so.
16 Q. Response to an Easdaq enquiry?
17 A. Yes.
18 Q. OK. On the second page of the letter in paragraph
19 8 it notes that "within Artesia Banking Corporation the
20 Global Market Risk Department follows the daily reporting of
21 Trader's Orders"; do you see that?
22 A. It's point 6, 7 or?
23 Q. Point 8.
24 A. Point 8, OK, yes.
25 Q. Is that a reference to Artesia Securities'

PAGE 122

122

1 A. I think, but I'm not convinced, that it may be
2 Committee De Directione.
3 Q. Was that the --
4 A. That's a Management Committee.
5 Q. Of the Bank?
6 A. I think of Artesia Securities.
7 Q. Of Artesia Securities?
8 A. Yes.
9 Q. And who was part of that Committee?
10 A. I think that was the people who was Mr Deklippel,
11 Van De Walle, Mr Wauters, Mr Avonts I think so. I'm not
12 sure if Mr Wauters was part of the Management Committee. I
13 don't know, I don't remember that.
14 Q. So these weekly minutes we have been looking at,
15 these are Management Committee -- Artesia Securities'
16 Management Committee meetings of which you are attending?
17 A. Yes.
18 Q. OK. And separate from this is the Artesia
19 Securities' Board, which we spoke of earlier this morning?
20 A. Yes.
21 Q. And you thought they met on a quarterly basis?
22 A. I don't know, I don't know, I think so.
23 Q. OK.
24 A. I was not on the Board, so I don't know.
25 Q. OK. It's just about 1:00, so we'll break for

PAGE 124

124

1 Traders's Orders?
2 A. I don't know, I don't know.
3 Q. Did the Global Market Risk Department review on a
4 daily basis trading activity in Artesia Securities?
5 A. I don't know on which basis they were organized or
6 did the different controls, I can't remember that.
7 Q. Do you know if Global Market Risk Department of
8 the Bank followed Artesia Securities on any periodic basis?
9 A. Probably there was a follow up and a clear
10 analysis of the different activities of Artesia Securities,
11 but the frequency of that and the way they did it I can't
12 remember that.
13 Q. OK. In the next paragraph of paragraph 9 --
14 A. Yes.
15 Q. -- it references Mr Eric De Gyns from the
16 compliance office of ABC?
17 A. Owe.
18 Q. Do you see that?
19 A. Yes.
20 Q. And it states that their responsibilities cover
21 the entire Group?
22 A. Yes.
23 Q. Including Artesia Securities, do you see that?
24 A. I see that.
25 Q. And was that your understanding at the time?

PAGE 125

125

1 A. What my understanding at that time was I don't
2 know, because I was not -- it's dated '99, I was not in
3 Artesia Securities so I haven't seen that document.
4 Q. OK.
5 A. I can just confirm what I read here, and I read
6 here that, as he was mentioned, that compliance officer of
7 Artesia Banking Corporation had also his responsibilities
8 for this part of Artesia Securities.
9 Q. Was that statement still true when you were head
10 of Artesia Securities?
11 A. I think so.
12 Q. I would like to show you what was previously
13 marked also Bruneel Exhibit 14. I'll ask, sir, if you
14 recognize this document?
15 A. No, I don't.
16 Q. Does this appear to be Management Committee
17 minutes for Artesia Bank from May of '99?
18 A. That's right, the 12th and 18th.
19 Q. If you can turn to page 109697, a few pages in.
20 A. Yes.
21 Q. Under section 5.2 there's a reference to Mr Avonts
22 and weekly Artesia Securities minutes, is that correct?
23 A. Yes, that's correct.
24 Q. And then if you turn to the next page, this
25 document runs from 109698 through 109701.

PAGE 126

126

1 A. Yes.
2 Q. Does that appear to be Artesia Securities' meeting
3 minutes?
4 A. That's right.
5 Q. And you're copied on this memoranda, is that
6 correct?
7 A. That's correct.
8 Q. And below it indicates that you were invited to a
9 meeting on April 23rd of May 1999.
10 A. That's correct.
11 Q. Did you attend that meeting?
12 A. I don't know that, I don't remember that.
13 Q. OK.
14 A. I don't know.
15 Q. Do you have any reason to doubt that you attended
16 the meeting?
17 A. No, I haven't.
18 Q. And did you receive this memo on or about May 7th
19 of '99?
20 A. I don't know.
21 Q. Do you have any reason to doubt that you received
22 it on or about May 7th '99?
23 A. No, I haven't.
24 Q. Would you have reviewed these minutes when you
25 received them?

PAGE 127

127

1 A. Normally, if I receive notes I read them, but I
2 can't confirm if I have read this one or not.
3 Q. If something was incorrect or missing from meeting
4 minutes that you received, would you generally inform the
5 drafter of any corrections?
6 A. If I would be aware of it, yes; otherwise, no.
7 Q. OK. Turn -- if you can turn back again, this
8 appears to be meeting number 20 of Artesia Securities, is
9 that correct?
10 A. Yes.
11 Q. Do you know why you were present at this meeting?
12 A. No.
13 Q. So far today we've seen several Artesia Securities
14 meeting minutes with several numbers on which you were
15 copied on, you don't recall --
16 A. No, I don't.
17 Q. -- attending periodic meetings on a weekly basis
18 for a year and a half period?
19 A. No, I don't.
20 Q. And at this time you were investment banking, is
21 that correct?
22 A. At that time I was -- mid '99 I was investment
23 banking, yes.
24 Q. What duties as head of investment banking did you
25 have related to Artesia Securities?

PAGE 128

128

1 A. Duties, what do you mean by duties? (Translated
2 by interpreter) I had no responsibilities to Artesia
3 Securities.
4 Q. But you attended their weekly meetings on a
5 regular basis?
6 A. On the documents I see here I was present at that
7 meeting. Again, I can't remember if I have assisted at that
8 meeting.
9 Q. Apart from any specific meeting, do you generally
10 recall attending these periodic Artesia Securities'
11 meetings?
12 A. No, I don't remember that.
13 Q. If you could turn to section 3.1 of this memo?
14 A. Yes.
15 Q. There are two bullet points. The first discusses
16 the importance of avoiding any duplication of publications
17 via two different sources. Do you see that reference?
18 A. Where are you?
19 Q. If the first bullet point under 3.1?
20 A. OK, yes, I see that.
21 Q. What duplication of publications is that referring
22 to?
23 A. I don't know.
24 Q. Look at the next bullet point.
25 A. Yes.

SHEET 17 PAGE 129

129

1 Q. It discusses coordinating efforts by the analysts
2 of Artesia Securities with those of investment banking, and
3 that "the CD decides to invite N Van Hove of investment
4 banking to the weekly meetings of the analysts of Artesia
5 Securities"; do you see that?
6 A. Yes.
7 Q. The N Van Hove is Nadia Van Hove, correct?
8 A. Nadia Van Hove, yes, correct.
9 Q. And at that time she worked for investment banking
10 and reported to you?
11 A. That's right.
12 Q. Do you know why -- what coordination of efforts is
13 referenced on this document?
14 A. No, I don't.
15 Q. Did Ms Van Hove attend weekly meetings of Artesia
16 Securities' analysts?
17 A. I don't know if she did; if she has, I don't
18 remember it.
19 Q. Did she ever report to you on meetings of Artesia
20 Securities' analysts?
21 A. I don't remember that.
22 Q. Did you ever ask her if she was attending weekly
23 meetings?
24 A. Again, I don't remember that.
25 Q. Do you recall any discussions related to this that

PAGE 131

131

1 meetings?
2 A. I don't know if it was weekly. I knew that they
3 had meetings, but if it was weekly or not weekly I don't
4 know that.
5 Q. Do you know if they prepared meeting minutes or
6 memoranda of those meetings?
7 A. I've already answered I don't know that, I don't
8 remember that.
9 Q. Were you ever circulated any such minutes?
10 A. Again, I don't remember that.
11 Q. Do you know why there was a discussion at this
12 meeting concerning coordination of the efforts?
13 A. No.
14 Q. As an investment banking analyst or financial
15 analyst, would Ms Van Hove generally be privy to the equity
16 research reports prepared by Artesia Securities?
17 A. Is your question if she had access to that, if she
18 received the documents?
19 Q. Yes, would she have access to those.
20 A. I think once they were public I think she could
21 have access to them, yes.
22 Q. Do you know if she would receive access to drafts
23 of those?
24 A. No, I don't think she had access to drafts of
25 those.

PAGE 130

130

1 occurred at this meeting?
2 A. No.
3 Q. Would you have had to approve the use of Ms Van
4 Hove's time to attend these meetings if she was one of your
5 reports?
6 A. I don't think so, I'm not somebody who's -- these
7 are professional people so it's up to them to organize their
8 time and how they are doing it, so I don't think so.
9 Q. Did you have discussions with anyone else at the
10 Bank about Nadia Van Hove attending weekly meetings of
11 Artesia Securities?
12 A. No, I don't remember that.
13 Q. Do you know if anyone else from investment banking
14 attended meetings of Artesia Securities?
15 A. Not to my knowledge.
16 Q. Do you know if anyone else from Artesia Bank, not
17 just the investment division, the investment banking
18 division, but anyone at Artesia Bank attended the weekly
19 meetings of Artesia Securities?
20 MR. WEIDNER: Object to the form.
21 A. I don't know that.
22 MR. EGAN: We looked at some equity, analyst equity
23 meeting minutes earlier and I apologize if I've asked this
24 before but do you know if at some point in time there --
25 strike that. Do you know if the equity analysts held weekly

PAGE 132

132

1 Q. You don't think so?
2 A. No, I'm sure of that.
3 Q. You're sure of that?
4 A. No.
5 Q. How so?
6 A. I don't -- there has to be a Chinese wall between
7 investment banking and the research analysts. The research
8 analysts have to be independent so.
9 Q. What is a Chinese wall, as you understand it?
10 A. Normally, the Chinese wall is that somebody from
11 investment banking could have access to information which is
12 not publicly known. So from that time you have some inside
13 information, then you have to keep it for you, so -- and not
14 communicate that to other people, like people in sales, like
15 people in trading.
16 Q. With the presence of a Chinese wall, would it be
17 impermissible for somebody to coordinate access between
18 investment banking and Artesia analysts' reports?
19 A. Again, I don't know and I don't remember what it
20 means by coordinating. It could also be that Nadia Van Hove
21 just talks to the research analysts of Artesia Securities to
22 get some sector information, to get some market information
23 concerning some companies, I don't know; publicly known
24 information, but much more analyzed and, how would I say,
25 evaluated by research analysts, so one way information. It

PAGE 133

133

1 could be that, so I don't know any more. I don't remember
2 what it means the word coordinate, it could be that.
3 Q. And you don't know what meetings, if any, Ms Van
4 Hove attended with Artesia Securities?
5 A. No, I don't know if she had.
6 Q. Do you know of any conversations she had with
7 anyone from Artesia Securities?
8 A. No.
9 Q. So you don't know whether, one way or not, she was
10 privy to draft equity reports of Artesia Securities, is that
11 correct?
12 A. Can you rephrase that question?
13 Q. You don't know, one way or the other, whether she
14 was privy to draft equity reports by Artesia Securities'
15 analysts if she attended their weekly meetings? (Translated
16 by interpreter).
17 A. No, she has no access to the drafts.
18 Q. You now that for a fact?
19 A. She had no access to the drafts.
20 Q. But if she --
21 A. Because that's the responsibility of the research
22 analysts. Research banking is the research analysts. It's
23 only public when it's public, so whenever it's public he can
24 distribute it. When it's not public it's his own
25 responsibility so.

PAGE 134

134

1 Q. But you don't know what was discussed at the
2 weekly meetings?
3 A. No, I don't know that. I was not there. I don't
4 even know if the meetings has taken place so.
5 Q. Did you have any discussions with Mr Van De Walle
6 concerning Ms Van Hove or her attendance at Artesia
7 Securities' meetings?
8 A. I don't remember that, I don't know that.
9 Q. Did anyone else -- strike that. Who was Artesia
10 Securities' auditor?
11 A. I don't know, I don't remember.
12 Q. Do you know if it was the same as Artesia Bank?
13 A. I don't know, I think it was Deloitte, but I'm not
14 100 per cent sure.
15 COURT REPORTER: Sorry?
16 THE WITNESS: Deloitte, but I'm not sure.
17 MR. EGAN: Earlier we talked about investment banking
18 and discussions with Artesia Securities, and you mentioned
19 in the context we were talking about FLV you were talking
20 about when an investment banking firm was behind an IPO or
21 an offering for a company, if that same investment banking
22 firm is not then able to provide some type of research or
23 after market research that they're going to have a hard time
24 retaining that -- keep getting customers or retaining that;
25 is that a fair summary of what you testified to?

PAGE 135

135

1 A. No, if you want to play your role in an IPO, or if
2 you're not in an IPO, if we start with that, then you have
3 to commit you to do some what we are calling after market
4 support, and in that after market support this research
5 included so.
6 Q. And that would be true as far as Lernout & Hauspie
7 as well?
8 A. Yes, sure, that's markets -- that's the market,
9 it's the market's attitude.
10 Q. Do you know of any instances where the equity
11 analysts were providing negative coverage that were of
12 detriment to the investment banking work?
13 A. Could be, could be, but again that's the
14 responsibility of the research analysts.
15 Q. Earlier, you spoke about some problems at Artesia
16 Securities in terms of the Back Office and in particular
17 reconciliation issues with the IT department, in addition to
18 that were there also issues related to Artesia Securities'
19 own accounting system?
20 A. They were a little bit linked. If you don't have
21 the right positions, then also it could have an impact on
22 your balance sheet and your P/L accounts; so, yes, there was
23 a link.
24 Q. Can we mark Decraene Exhibit 24.
25 THE INTERPRETER: 25.

PAGE 136

136

1 MR. EGAN: 25, I'm sorry.
2 THE INTERPRETER: No, you're right, I'm sorry.
3 THE WITNESS: No, 25.
4 THE INTERPRETER: You're right, I'll just explain.
5 THE WITNESS: 25.
6 THE INTERPRETER: It should be 25, I'm sorry about
7 that.
8 (Decraene Exhibit 25 marked.)
9 MR. EGAN: It's a document Bates stamped DBB 159265.
10 I think I may have given you -- 2169, sorry about that.
11 Please take a minute and review that document (Pause).
12 A. OK.
13 Q. Sir, have you ever seen this document before?
14 A. I don't remember it.
15 Q. OK. It appears to be dated September 4th 2001
16 from Mr Avonts and Mr Steverlynck to the Artesia Bank
17 direction committee, Management Committee. By September of
18 2001 were you still head of Artesia Securities?
19 A. I'm not sure, I don't think so.
20 Q. OK. Did Mr Steverlynck succeed you as head of
21 Artesia Securities?
22 A. He has succeeded me, but I don't know the exact
23 timing.
24 Q. Is this memo a request for a capital infusion from
25 ABC for Artesia Securities?

SHEET 18 PAGE 137

137

1 A. Yes.
2 Q. And if you turn to the second to last page.
3 A. Yes.
4 Q. In the middle of the page it provides a summary of
5 Artesia Securities' financial results for the year end '99,
6 year end 2000 and six months ending '01; is that correct?
7 A. That's correct.
8 Q. And it was a profit of 1.92 million Euro for '99,
9 a loss of 19.24 million Euro for 2000, and a loss of 1.82
10 million Euro for the first six months of 2001; is that
11 correct?
12 A. That's correct.
13 Q. OK. And this is what you were referring to
14 earlier of saying that Artesia Securities --
15 A. Was not a big success.
16 Q. Was not a big success. And then the last page
17 provides certain alternative scenarios including liquidation
18 of Artesia Securities, do you see that?
19 A. I see that.
20 Q. OK. Were you involved -- again, were you involved
21 in any of the decision to liquidate?
22 A. I don't remember that if they have sent me over
23 this note or if they have asked me that advice, I don't
24 remember that.
25 Q. Again, as to the liquidation process, was that

PAGE 139

139

1 falls?
2 A. It falls -- it falls under Frank Leerman, who is
3 now the chief research man, but not only for equity research
4 but also for macro economical research; and he is under our
5 chief financial and chief risk officer.
6 Q. OK. Prior to -- strike that. Did you ever have
7 any contact with any equity analysts at Bank Paribas prior
8 to the existence of Artesia Securities?
9 A. I don't remember that.
10 Q. Did you ever work for Paribas when it was an
11 independent bank?
12 A. Before I joined, no, because I explained I came
13 from BACOB, and after BACOB has taken a decision to take
14 over Paribas Bank Belgium; in that period of finalizing that
15 transaction I was one of the first who made the move to
16 Paribas for the reasons I explained, because there was a
17 team who has left the Bank and there were some mandates to
18 execute; so we had -- the common management, management of
19 Paribas and management of BACOB, decided that we should
20 quite urgently place the new team; and I was part of that
21 team so; but I was not a member of -- I haven't worked for
22 Paribas before BACOB or something like that, no.
23 Q. And you didn't have any dealings with any Paribas
24 analysts?
25 A. No.

PAGE 138

138

1 done internally within the Bank or were any outside
2 companies involved?
3 A. What do you mean by 'outside companies involved'?
4 Q. Was there sell off of any aspects of the business?
5 A. To other companies?
6 Q. Yes.
7 A. No, I don't think so.
8 Q. Do you know what happened with the Artesia
9 Securities' trading records and other documents after
10 liquidation?
11 A. No, I don't know that. I was not involved in that
12 process so I don't know that.
13 Q. You also mentioned that there are certain remnants
14 of Artesia Securities at the Bank today, one of which you
15 mentioned research which you mentioned is separate; is that
16 correct from what you said earlier?
17 A. What do you mean by 'separate'?
18 Q. I believe that was the word you used, I may be
19 mistaken; but you mentioned there were still a research
20 division of the form Artesia Securities at Dexia today?
21 A. Within Dexia, yes, that's right.
22 Q. What is that division?
23 A. That's a division which has today some research
24 analysts.
25 Q. And do you know where in the Dexia hierarchy it

PAGE 140

140

1 Q. We also touched on earlier about Cordius Asset
2 Management.
3 A. Yes.
4 Q. And we saw that that was a subsidiary of Artesia
5 Bank, is that correct?
6 A. That's correct.
7 Q. Do you know if Cordius existed before the merger
8 of BACOB and Paribas?
9 A. I think that Cordius existed already, yes.
10 Q. Was it within Paribas or BACOB?
11 A. It was within BACOB.
12 Q. Did you have any dealings with Cordius in that
13 role?
14 A. No.
15 Q. Do you know who was head of Cordius during 1998 to
16 2000?
17 A. No.
18 Q. Do you know if Cordius provided periodic reports
19 to Artesia's Board?
20 A. No, I don't know. I was not at the board level,
21 so I don't know what was the frequency and the content of
22 their briefings.
23 Q. Do you know if Cordius published analyst reports?
24 A. I don't remember it, but I have seen that one of
25 the analysts was mentioned on the Bloomberg list.

PAGE 141

141

1 Q. Do you know how those analyst reports were
2 distributed?
3 A. No, I don't know that.
4 (Decraene Exhibit 26 marked.)
5 Q. I'd like to mark Decraene Exhibit 26.
6 A. Thank you.
7 Q. It's a document Bates stamped DBB 153380 through
8 83. Can I ask, sir, if you recognize this document?
9 A. No, I don't.
10 Q. Does this appear to be August 18th 2000 meeting
11 minutes of Artesia Securities?
12 A. Yes.
13 Q. It appears to be meeting number 39, I believe. Is
14 that your name as a participant at the meeting?
15 A. Yes.
16 Q. Do you recall attending this meeting?
17 A. I don't know.
18 Q. Do you recall receiving this summary?
19 A. I don't know.
20 Q. If you look under the second point, second item,
21 and particularly the third bullet point, if you could read
22 that third bullet point which starts with a reference to
23 Mr Plancke, please.
24 A. Yes.
25 Q. There's a reference to DC there, what does the DC

PAGE 143

143

1 11.
2 A. Yes.
3 Q. And, in particular, if you could just read the
4 fourth bullet point?
5 A. Mmh, yes.
6 Q. Does that refresh your recollection as to whether
7 you had any meetings concerning collaboration with Cordius?
8 A. No.
9 Q. Does that refresh your recollection as to any
10 conversations about overlapping research coverage?
11 A. No, it doesn't, I just read it here.
12 Q. Sir, do you know if the Bank received L & H
13 warrants in connection with certain loans?
14 A. I don't remember it, but again referring to my
15 interview I had with the federal police they showed me some
16 documents where there was some issues concerning warrants.
17 Q. And, prior to the formation of Artesia Securities,
18 how would Securities' transactions be processed at the Bank,
19 whether it be BACOB or later Artesia?
20 A. I don't know. The only thing that I remember is
21 that before Artesia Securities there was a BACOB Securities.
22 I think BACOB Securities was responsible for the execution
23 of equity transactions. I was not involved in it, so I
24 don't know.
25 Q. If the company -- strike that. If the Bank had

PAGE 142

142

1 refer to?
2 A. The DC probably of Artesia Securities, Management
3 Committee of Artesia Securities.
4 Q. And it's discussing analyst coverage of L & H, is
5 that correct?
6 A. Yes.
7 Q. And it says "coordinating with Cordius' network
8 area", is that correct?
9 A. That's correct.
10 Q. Do you know why there was a need to coordinate
11 with Cordius over this analyst coverage?
12 A. No, I don't know.
13 Q. Do you recall any discussions about this?
14 A. No, I don't remember that.
15 Q. OK. Why don't we just take a break for a minute
16 to change the tape.
17 A. OK.
18 THE VIDEOGRAPHER: Going off the record at 14:37.
19 (Off the record.)
20 THE VIDEOGRAPHER: Starting roll 3 of the deposition
21 of Stefaan Decraene. Going back on the record at 14:44.
22 MR. EGAN: Mr Decraene, if you could -- still on
23 Decraene Exhibit 26.
24 A. Yes.
25 Q. And if you could turn to the third page under item

PAGE 144

144

1 received warrants in connection with a loan, who would make
2 the decision on exercising or holding on to those warrants?
3 A. Management Committee, I suppose.
4 Q. And would the Management Committee also make
5 decisions about whether to buy or sell shares in a
6 particular security?
7 A. I don't know how it was organized at that time,
8 but normally such a decision there are some limits linked to
9 that; and when the buy or the selling of some shares falls
10 within some limits, then it can be delegated to the people
11 who are doing the sales and trading desk. When it's above a
12 certain limit then it has to go to a higher level, and if
13 it's passed a huge amount then it has to be approved by a
14 Management Committee again; but each bank has its own rules
15 and I don't know which rules we applied at that time; I
16 don't remember that.
17 Q. At BACOB, do you know what the different levels
18 were?
19 A. No, I don't remember that.
20 Q. At Artesia do you remember what the different
21 levels were?
22 A. No.
23 (Decraene Exhibit 27 marked.)
24 Q. I'd like to mark Decraene Exhibit 27. It's a one
25 page document, Bates stamped DBB 80468. Sir, do you

SHEET 19 PAGE 145

145

1 recognize this document?
2 A. No, I don't.
3 Q. Is that your name at the 'To' line?
4 A. That's correct.
5 Q. Who is Pete Cordonnier?
6 A. Pete Cordonnier, if I'm right, at that time was
7 one of our -- he was the -- he was involved in the credit
8 business on the legal side I think.
9 Q. And did he work with you at BACOB in September of
10 '96?
11 A. I don't know what my relation was to Mr Cordonnier
12 at that time. I've worked with him, but he has worked for
13 me. He has also worked in other departments, so I don't
14 know at that date what was his relation to me.
15 Q. In the PS or postscript portion of the Email
16 there's a reference to a Management Committee decision
17 regarding the sale of L & H shares, is that correct?
18 A. Yes.
19 Q. At that time did you have any authority over
20 deciding whether or not to sell any particular shares?
21 A. No.
22 Q. How about later on in your role in investment
23 banking?
24 A. No.
25 (Decraene Exhibit 28 marked.)

PAGE 147

147

1 that I have here, I think that I have read it together with
2 Mr Cordonnier to ask what are our position because I think
3 that it was before the SPO, the Secondary Public Offering;
4 and if I read the last phrase where it says: OK, probably
5 the price will be that or maximum that, what are we doing,
6 are we selling the next -- are we selling a part of this, a
7 part of our shares or our warrants into this SPO or not? I
8 think that was probably the objective of this note.
9 Q. And was the Secondary Public Offering for Lernout
10 & Hauspie?
11 A. I think so, but again I just have one note and I'm
12 just reading and trying to interpret it.
13 Q. Did you have any role in connection with the
14 Secondary Public Offering of Lernout & Hauspie?
15 A. I don't remember it exactly. I think we worked
16 again in the syndicate, in the sales syndicate.
17 Q. Do you recall what the Bank's role was, was it a
18 lead underwriter or?
19 A. No, I don't, I don't remember that exactly. I
20 think we were in the syndicate. Was it as a selling agent
21 or as a co lead manager? I don't know that, I don't
22 remember that.
23 Q. After March 1st of '99 when Artesia Securities was
24 established, all of the trading had to then go through
25 Artesia Securities; is that correct?

PAGE 146

146

1 Q. I'd now like to -- you can put that aside, and I'd
2 like to mark Decraene Exhibit 28, a two page document, Bates
3 stamped DBB 107301 to 302. I'll ask, sir, do you recognize
4 this document?
5 A. No, I don't.
6 Q. If you look at the second page, is that your name
7 listed?
8 A. That's right.
9 Q. Is this an overview of transactions in L & H
10 shares conducted by BACOB Bank?
11 A. I haven't read it so.
12 Q. OK, take a moment.
13 A. OK. (Pause). Yes, I have read it.
14 Q. Is that a summary of BACOB's transactions in L &
15 H's securities during '94 to '97?
16 A. Yes, probably.
17 Q. Were you responsible for monitoring BACOB's
18 securities' transactions over that time period?
19 A. Was I responsible as a big name? I have written
20 this document together with Mr Cordonnier or I have signed
21 it, although I don't write my signature. It's just an
22 overview, but, again, the execution of all those warrants
23 and shares was certainly not my responsibility.
24 Q. Do you know why you prepared this memorandum?
25 A. If I read it, I think that it's only one document

PAGE 148

148

1 A. All of the trading of what?
2 Q. Of the Bank and the Bank Group?
3 A. I already answered that most of them like, for
4 example, Cordius Asset Management there was not 100 per cent
5 of their flow which was passed through Artesia Securities.
6 Q. Who oversaw the Bank and Bank Group's own holdings
7 that were traded through Artesia Securities?
8 A. I don't understand your question.
9 Q. Was there anyone else in particular at Artesia
10 Securities who kind of oversaw the trading that was going on
11 for the Bank's own portfolio?
12 A. For the trading or the sales?
13 Q. Any trading, purchases or sales?
14 A. Normally, it would be the responsible guy from
15 sales, because he sees what the business he is doing, who
16 are the different clients and whether the clients can be the
17 client of the Bank, a captive client as I've already
18 explained; so normally he should have a view on that.
19 Q. And in the period of '98 to 2000, the head of
20 sales, was that Mr Deklippel?
21 A. That's right.
22 Q. And would he also be responsible for any trading
23 done at Artesia Securities for its own personal portfolio?
24 A. That was more the responsibility of Mr Plancke.
25 Q. Plancke?

PAGE 149

149

1 A. Plancke, the name I've already mentioned I think.
2 Q. And that's in the time period of '98 through 2000
3 as well?
4 A. I think so.
5 Q. Was there any trading strategy in place at either
6 Artesia Securities or the Bank as a whole?
7 A. I don't remember. There were probably different
8 strategies, but I don't remember them.
9 Q. Do you recall any strategies related to the speech
10 technology sector?
11 A. No, I don't.
12 Q. I'd like to show you what was previously marked as
13 Mommens Exhibit 30. I'd just ask if you recognize this
14 document?
15 A. No, I don't.
16 Q. Did you prepare this document?
17 A. No, I don't think so.
18 Q. Did you ever review information about BACOB and
19 Paribas' exercise and sale of -- exercise of warrants or
20 sale of stock?
21 A. Probably, I have. They have asked my advice.
22 Again, it was not my responsibility to take the decision to
23 sell or to buy. That was on other levels, but I haven't
24 seen all those transactions.
25 Q. I'd like to show you what was previously marked as

PAGE 151

151

1 from the committee d'audit of Artesia Banking Corporation,
2 so the audit committee of the Bank.
3 Q. If you look at the next page there is a reference
4 to Artesia Securities, do you see that?
5 A. Yes.
6 Q. There's a discussion of the different systems
7 resulting in different positions, is that correct?
8 A. Can I read it?
9 Q. You may. (Pause).
10 A. OK, I've read it.
11 Q. Is that a reference to certain of the
12 reconciliation issues you referred to earlier?
13 A. Yes, to the whole context of the problems we had
14 with Back Office IT.
15 Q. And this report summarizes some of Artesia
16 Securities' deficiencies?
17 A. Yes.
18 Q. And did you rely on this report in implementing --
19 strike that. Did you implement any reforms -- strike that.
20 Did you implement any affirmative actions to correct the
21 deficiencies while you were head of Artesia Securities?
22 A. That was one of my main tasks, to get all the
23 recommendations made by audit, to give them a right answer
24 within the right timing.
25 Q. And were you able to do that completely?

PAGE 150

150

1 Bruneel Exhibit 3. Sir, do you recognize this document?
2 A. No, I don't.
3 Q. If you look on the first page you're listed as a
4 recipient of this document, do you see that?
5 A. I see that.
6 Q. Did you receive this on or about January 17th
7 2001?
8 A. My name is on it, so probably I would have -- I
9 would have received it so.
10 Q. Were you aware of an internal audit being
11 conducted in late 2000 and early 2001 related in part to
12 Artesia Securities?
13 A. I knew that there has been some audits of Artesia
14 Securities, yes.
15 Q. Was that in connection with a request from the
16 CBF?
17 A. I don't know if one was linked to the other; that
18 I don't remember.
19 Q. If you look at the second page of the document.
20 There's a reference there to the CBF, is there not?
21 A. OK.
22 Q. And does that indicate that this report was
23 prepared in part in response to the CBF request?
24 A. That's what I'm reading here, but it was also not
25 only a question from CBF but also a question or an argument

PAGE 152

152

1 A. It has taken much more time than we have expected,
2 but I think that we have done it, as we have seen also in
3 the document made -- through the documents alluded earlier,
4 made by Mr Steverlynck.
5 Q. If you look at page 18 of the report itself, it's
6 document page 095056.
7 A. Yes.
8 Q. That contains a reference to a summary of the buy
9 recommendation on LHSP stock, do you see that?
10 A. Yes.
11 Q. Do you know if there was a coordination among
12 Artesia Securities and Cordius as to covering L & H?
13 A. I don't remember that, but there should not be
14 because you have also -- if you have an asset management
15 company and a securities company, it's what we are calling a
16 buy side analyst and a sell side analyst; and on the asset
17 management it's a buy side analyst, and on the securities'
18 side it's a sell side analyst so.
19 Q. What's the distinction between the buy side and
20 the --
21 A. The sell side is made for institutionals. We send
22 it to institutionals with -- the objective is to do some
23 business with them. The buy side analyst may just for
24 themselves, for the asset management company, that he gives
25 it to the asset management and say: I have analyzed this